

EVERTON RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED OCTOBER 31, 2008 AND 2007.

The following Management Discussion and Analysis ("MD&A") of the operating results, financial condition and future prospects of Everton Resources Inc. (the "Company" or "Everton"), current as of February 17, 2009, should be read in conjunction with the audited consolidated financial statements of the Company and notes to the consolidated financial statements for the fiscal years ended October 31, 2008 and 2007. Said financial statements were prepared in accordance with Canadian generally accepted accounting principles. The reporting currency is in Canadian dollars. Unless specified as \$US, references in this MD&A to dollars are to Canadian dollars.

This MD&A contains certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future exploration drilling activities and events or developments that the Company expects, are forward-looking statements. Such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, continued availability of capital and financing and general economic, market or business conditions.

Nature of Business

Everton Resources Inc. (the "Company" or "Everton") is a Canadian mineral exploration and development company engaged in the acquisition and exploration of mineral properties, primarily in Quebec and the Dominican Republic, with the aim of discovering commercially exploitable deposits of minerals (primarily precious metals) which can either be placed into production by the Company or disposed of for a profit to companies that wish to place such deposits into commercial production. Common shares of the Company are listed for trading on the TSX-V under the symbol "EVR". The Company's head office is in Montréal, Québec.

Exploration Activities

Details of the Company's Deferred Exploration Expenditures during the year ended October 31, 2008 are included in the mining property book values. The Company incurred deferred exploration expenditures of \$4,732,554 during the year, of which approximately 52% of the total was spent in Quebec and 48% in the Dominican Republic. The Company also incurred \$321,137 in new acquisitions of mineral properties.

Property spin-off

In November 2007, the Company announced the sale of the mineral rights on 18 of its non-Opinaca area properties in the James Bay region of Quebec to a new entity, 4421523 Canada Inc (now NQ Exploration Inc.). The properties are Star Lake, Eastmain, Eastmain North, Conviac, Morand, Duncan, Sakami, Pine Hill, Pine Hill North, Le Moyne, Candlestick, Corvet South, Gauchet, Jobert, Castle (including Castle South), Pontax, Wapamisk and Aylmer. Pursuant to the terms of the Agreement, the Company received 12 million common shares of NQ Exploration upon the completion of the IPO on May 1, 2008, representing approximately 43.87% of the current outstanding shares, at a price of \$0.10 per share.

Quebec

In Quebec, the Company incurred exploration expenditures of \$2,465,833 during the year ended October 31, 2008, with 46% of the expenditures on the Azimut Exploration option (Opinaca A, A-East, B and B-North) projects, 31% on the Wildcat 1 to 8 blocks, 6% on the Coulon and Gold Strait properties and 16% in the Labrador Trough.

Opinaca

On December 9, 2005 Everton signed an option agreement with Azimut Exploration to earn up to a 65% interest in Opinaca Blocks A, A-East, B and B-North, covering 284 km², by spending \$4.8 million in exploration work and cash payment of \$340,000 over 5 years. The claims are adjacent to the Eleonore gold discovery, in James Bay Quebec. The Eleonore gold deposit was acquired by Goldcorp Inc. ("Goldcorp") from Virginia Gold Mines ("Virginia"). Everton is the manager of the Opinaca project.

During the year, the Company incurred exploration expenditures of \$1,124,098 on Opinaca, including option payments of \$50,000 on the project. Most of the exploration costs at Opinaca consist of drilling, geophysics, prospecting and sampling. The Company completed 60 line-kilometers of induced polarization geophysics ("IP") and a drill program totalling 1,601 meters.

An eight-hole 969-m diamond drill program was completed in October 2007 at the end of the previous fiscal year (October 31, 2007). The program aimed at testing the extensions of the Charles Target where surface sampling over an area of 1300m long by 100m wide identified values up to 35.9 g/t Au, including 9 values over 10.0 g/t Au and 35 values over 1.0 g/t Au. All 8 holes intersected altered metasediments containing variable amounts of sulphide mineralization. The best drill intercepts at the Charles Target include 2.7 g/t Au over 2.0m in hole AC-07-01 and 0.8 g/t Au over 6.3m in hole AC-07-02. Three other drill-holes were drilled on IP anomalies at the Smiley Target. Sulphide mineralization was intersected in each hole; however no significant values were obtained.

Following the results of the October 2007 drill program, a 60 line-kilometer IP survey was completed during the winter over the Charles and Smiley targets on Opinaca A. This survey was followed by a twelve-hole 1,601-m diamond drill program in March and April 2008, testing the Charles, Smiley and Lola targets. Drilling on the Lola target was halted due to technical problems relating to deep overburden.

Highlights of the drill program include 4.24 g/t Au over 1m and 0.38 g/t Au over 1m in Hole OS-08-04A at the Smiley Target. The Smiley Target on Opinaca A is located due north of the Eleonore Gold Deposit (2.5M oz. gold indicated) where Goldcorp reported intensive drilling in the north and south extensions of the deposit (Goldcorp: Q2-2008 Report).

Two drill holes for 270 meters were also drilled at the Dominic showing on the Opinaca Block B property. The Dominic Target is located on Opinaca B approximately half-way between the Claude Target and the Manuel Showing along the 10-km long gold-bearing corridor. Cuts of 0.55 g/t Au over 0.3m and 0.60 g/t Au over 1.2m were intersected in Hole DB-08-01. This hole was testing rock values obtained from prospecting that returned 6.1 g/t Au, 4.5 g/t Au and 1.7 g/t Au associated with pyrite within silicified and chloritized metasediments with quartz and pegmatite veins. Another sample located 3 kilometers southwest along the corridor returned 1.2 g/t Au.

During the year ended October 31, 2008, the Company completed its required exploration expenditures to earn its 50% interest on the Opinaca projects. To complete its earn-in of 50%, the Company shall make cash payments totalling \$260,000 before February 9, 2010. Due to the general economic situation, the Company and its partner Azimut have temporarily suspended the exploration program on the Opinaca properties. Everton and Azimut are currently seeking a partner on the Opinaca project.

Wildcat

In January 2005, the Company acquired a 100% interest in 7 blocks of claims, totalling 302 km² in the immediate area of the Eleonore gold discovery. The claims were acquired from an independent staking syndicate for a payment of \$100,000 and 300,000 common shares of the Company. An additional block of claims (Wildcat #8) was acquired by the Company by map-staking.

During the year ended October 31, 2008, the Company incurred exploration expenditures of \$763,616 on the 8 blocks of the Wildcat project, including acquisition costs of \$10,925 on the Wildcat 8 block. Most of the exploration costs on the Wildcat properties consisted of line cutting and 44 line-km of ground IP geophysics on Wildcat 1 and a 4-hole 419-meter drill program in the Manuel Showing area on the Wildcat 5 property (12.01 g/t Au over 4.6 meters in channel sampling).

An extensive IP program was undertaken in January 2008 over the Moose Target located at the western extension of the Smiley Target onto the Wildcat 1 property. This target was never drilled due to the excessive depth of the overburden.

Assay results from the drilling on the Manuel Showing were received in August, but did not return any significant results. Everton has no immediate exploration plan for 2009 on the Wildcat blocks. The Company is looking for a JV partner on the Wildcat projects.

Coulon (presented in the consolidated financial statements under James Bay)

The 100%-owned Coulon property consists of 206 claims (102 km²) distributed in 7 blocks and is located 45 km north of the Fontanges airport in James Bay, QC. All blocks are adjacent to Virginia's Coulon property where 7 high-grade volcanogenic polymetallic massive sulphide lenses have been discovered to date.

During the year, the Company incurred exploration expenses of \$85,106 on a reconnaissance survey over the entire Coulon property. This reconnaissance program, including the collection of 77 rock samples, identified mineralization consisting mainly of stratabound sulphides (pyrrhotite, pyrite, chalcopyrite and sphalerite) intercalated with amphibolitic horizons. Disseminated sulphides are also observed locally in amphibolites, granitoids and paragneisses. Selected rock samples returned values up to 0.3% Cu and 8.7 g/t Ag.

The Company is currently integrating these new results with the regional dataset. No exploration work is planned on Coulon in 2009.

Labrador Trough

During the year ended October 31, 2008, the Company map-staked 1,447 designated claims (CDCs) for a 100% interest in 13 new projects covering more than 700 km² in the Labrador Trough, in the northern part of Quebec, between Schefferville and Kuujuaq. The properties are Goose, Fox, Lac Aulneau, Colombet, Leopard, Diana, Lemming, Jack Rabbit, Lac Ribero, Otelnuck, Minowean, Canyon and Romer.

During the year ended October 31, 2008, the Company incurred expenses of \$392,822 in the Labrador Trough area, mainly covering general compilation, reconnaissance surveys on the Canyon, Jack Rabbit, Goose and Fox properties, and the acquisition cost of \$164,963 for the 13 properties.

Results obtained in 2008 from the reconnaissance survey and rock sampling on the Canyon, Jack Rabbit, Goose and Fox projects, were sub-economic. Follow-up is warranted due to the general geological setting and exploration potential.

The Company is actively seeking a partnership opportunity for the Labrador Trough project.

Other Properties in Quebec

Some compilation and limited reconnaissance work was completed on Gold Strait, Sirmac and Kan. These low priority projects will not be active in 2009. There was no activity on Sarcelle, Outardes, Lac Scott and Battleship and the properties were abandoned.

Dominican Republic

In the Dominican Republic, the Company incurred exploration expenditures of \$2,247,684 during the year ended October 31, 2008 with 33% of the expenditures on the Linear Gold ("Linear") option (Ampliacion Pueblo Viejo, Loma el Mate and Loma Hueca) projects, 13% on the GlobeStar Mining Inc. ("GlobeStar") options in the Central DR (Cuance and Los Hojanchos), 34% on the Maimon Copper group of concessions, 11% on the Jobo Claro concession and 9% on Fresso.

Ampliacion Pueblo Viejo

The Ampliacion concession consists of 4,045 hectares adjacent to the northern edge of Barrick/Goldcorp's 18 million ounce Pueblo Viejo mine. Recent trench work by Linear has encountered significant mineralization grading 11.3 g/t gold and 310 g/t silver over 18 meters. The Company incurred exploration expenses of \$608,476 on Ampliacion during the year, essentially in detailed mapping, soil geochemistry, ground geophysics and two test drill holes.

The Company can earn an undivided 50% interest in the Ampliacion concession by making cash payments totalling \$700,000, work commitments of \$2,500,000 and issuing 1,200,000 Everton common shares over a three-year period. The Company can acquire a 65% interest in the concession by incurring all additional expenditures on the concession to the completion of a bankable feasibility study and by paying Linear \$2,000,000 and issuing 1,000,000 additional Everton common shares.

A drill program completed in 2006 by Barrick/Goldcorp at the Pueblo Viejo Mine has outlined new mineralized trends that define a NNW corridor. Drill intercepts of 2.98 g/t gold over 117.7 meters (hole DPV06-04), 10.18 g/t gold over 9.87 meters (hole DPV06-12), 3.0 g/t gold over 108.4 meters (hole DPV06-03), and 5.31 g/t gold over 23.5 meters (hole DPV06-06) were cut in the extensions of the pits at Pueblo Viejo (Barrick presentation, NRSA, April 2-3, 2007). Gold-in-soil anomalies from a test line located on the Ampliacion concession north of the Pueblo Viejo mine suggests that the new mineralized trend found by Barrick/Goldcorp may extend onto the Ampliacion concession.

The Ampliación concession covers a portion of the entire stratigraphy of the Los Ranchos Formation, which hosts the Pueblo Viejo mine. The Los Ranchos Formation is overlain by the more recent Hatillo Limestone. A recent study by Sillitoe et al. (2006) reports that the basal contact of the Hatillo limestone with the Los Ranchos carbonaceous units shows clear evidence of hydrothermal activity characterized by extensive advanced argillic and alteration. The inference is that the Hatillo limestone may have acted as an impermeable lithocap and thus having a decisive factor in the creation and preservation of the Pueblo Viejo deposit.

During the year ended October 31, 2008, the Company and its partner Linear have completed a comprehensive soil survey, 35 kilometers of IP over selected soil anomalies and a detailed mapping and rock sampling on most of the concession. The surveys consisted of the collection of at least 3,000 soil samples spaced over a 100m x 100m grid in two different areas within the concession and the collection of 1,800 rock samples along the traverses as mineralized and/or hydro-thermally altered exposures are located. Results from soil samples reveal three distinctive anomalous areas Loma La Cuaba, Meladito terrain and Ampliación North.

The detailed mapping program completed during the year was designed to establish the exact stratigraphy, alteration assemblage and mineralization of the Ampliación concession and its correlation with the Pueblo Viejo deposit. Mapping included the area around the La Lechoza prospect.

The exploration program completed to date on the property generated top priority exploration targets which are to be drill-test in early spring 2009. Drilling was rescheduled due to delays in obtaining the concession renewal.

Some drilling follow-up is also planned on the La Lechoza Target in the northern part of the concession, where an intercept of 6.65 g/t gold and 18.8 g/t silver was cut over 22 meters in trench LT-11 by the partners, including 22.1 g/t gold and 48.6 g/t silver over 4 meters.

Loma el Mate

Everton has acquired the option for an additional undivided 15% interest in the concession, thereby increasing its interest to 65%, by incurring all additional expenditures on the concession to the completion of a bankable feasibility study.

Two diamond drill holes for approximately 160 meters were done in the immediate extension of the Tres Bocas discovery hole TBM-07 to test the geology and the geometry of the massive sulphide lens. No significant results were obtained and no exploration is proposed for 2009.

Cuance and Los Hojanchos

During the year ended October 31, 2008, the Company incurred exploration expenditures of \$179,509 on the Everton Concession group Cuanca –Los Hojanchos, with nearly 100% of the expenditures on Cuanca. Drilling costs from the program completed on Cuanca account for 61% of the expenditures on the concession.

Most of the field work completed on the Cuanca concession is related to the Las Tres Bocas target on the Loma el Mate concession since the soil and the IP anomalies extend onto both concessions. The Company and its JV partner GlobeStar have extended the zone of enriched multi-element soil anomalies on Cuanca by over 1.5 km SE of the Las Tres Bocas target located on the adjacent Loma El Mate concession (JV with Linear Gold). The new multi-element soil anomalies include: gold, copper, zinc, lead, and pathfinders cadmium, arsenic and barium, and are equally as strong as the soil anomalies that resulted in a high-grade drill intercept of 11.58 meters of 2.74 g/t Au, 96.73 g/t Ag, 1.87% Cu and 8.62% Zn at the Las Tres Bocas target (press release dated May 17, 2006). These soil anomalies are also on trend with the soil anomalies identified on the adjacent Los Hojanchos concession (JV with GlobeStar). The soil survey completed last year was a continuation of exploration efforts that commenced in the summer of 2005. Mineralized quartz-sericitic schists outcrops, which are similar to the Maimon Formation around the Las Tres Bocas area, have been identified, mapped and sampled.

In April 2008, the Company and its partner have announced the results of a nine-hole drill program totalling 1,023.4 meters on the new Loma Lambedera discovery located on the Cuanca concession (option to acquire 50% from GlobeStar). Highlights of the drill program include hole CUA-04 with 15m @ 1.22 g/T Au, 2.84 g/T Ag, 0.35% Cu and 2.42% Zn, including 12.00m @ 1.31g/T Au, 2.03 g/T Ag, and 2.94% Zn (press release of March 3rd, 2008). A distinctive zone of secondary supergene enrichment can be observed in hole CUA-02 with the presence of abundant copper mineralization including bornite, covellite and malachite. An interval of 2.30 meters @ 2.92 g/T Au, 10.34 g/T Ag, 2.04% Cu and 0.77% Zn was cut within this zone. The mineralization is considered to remain open to the northwest and at depth.

The Company and its partner GlobeStar have designed the next IP program and follow-up drilling on the new Loma Lamedera discovery. During the second half of 2008, field work was interrupted due to issues with the immediate local community. Discussions are underway to resolve the matter.

The Company is fully funding exploration on the Cuance and adjacent Los Hojanchos concessions and has already spent US\$1 million of a committed US\$1.17 million exploration program. After the completion of this drill program, the Company will have earned a 50% interest in the Cuance and Los Hojanchos concessions. Everton can earn an additional 20% by funding a feasibility study to bring the project into production.

Maimon Copper

Everton holds a 100% interest in eight polymetallic concessions totalling 63.4 km² within the Maimon Formation, host of the Cerro de Maimon volcanogenic massive sulphide deposit underway for production in 2008. The concessions are El Llano, La Yautia, Miranda, La Sidra, Los Naranjos, Tocoa, Caballero and Loma Blanca.

During the year ended October 31, 2008, the Company incurred exploration expenditures of \$740,227 on the Maimon Copper group of concessions, mostly on El Llano and La Yautia.

Compilation of historical work on some of the blocks indicates copper-, zinc- and gold-in-soil anomalies coincident with ground geophysical conductors. During the year, reconnaissance work was completed over the entire eight block concession, with detailed mapping and sampling completed on La Yautia and El Llano. A geophysical interpretation and valuation of the Mag/EM survey was completed by the firm PGW on the eight polymetallic concessions.

The Company recently completed the first phase of the drilling that consisted of a 23-hole diamond drill program totalling 2,193 meters on the El Llano and La Yautia polymetallic concessions. This phase of the drill program was designed to test polymetallic copper-zinc-gold-silver volcanogenic massive sulphide ("VMS") targets which were identified by the 2007 helicopter-borne magnetic and electromagnetic surveys, the recent 32-km ground IP survey and the soil geochemical anomalies. The El Llano and La Yautia concessions, covering 1,512 hectares, are located in an area underlain mostly by mafic metavolcanics of the Maimon Formation, host of GlobeStar's Cerro de Maimon VMS deposit (currently under development), located approximately 12 km to the southeast along strike. Results are being processed and integrated with the regional data.

Jobo Claro

During the year ended October 31, 2008, the Company acquired a 100% interest in the 53 km² Jobo Claro concession adjacent to the eastern edge of the Pueblo Viejo Mine. The Company incurred exploration expenditures of \$247,203 on the project.

The Jobo Claro concession is covered by the volcanic and sedimentary rocks of the Los Ranchos Formation, the same rock unit that hosts the Pueblo Viejo Mine. A 96-shallow hole air track drill program, completed in November 2007, was designed to penetrate the quarternary sediment cover and to test possible bedrock and geochemical anomalies. Favourable geology and altered units with sulphide mineralization were cut in some of the holes. In the fall of 2007, the Company completed a first round diamond drill program totalling 796 meters (4 holes). Although, the drill program did not intersect any significant values, a follow-up integration of the Ampliacion dataset with the results from Jobo Claro is in progress to better understand the area. No exploration work has been planned on Jobo Claro for 2009.

Fresso

During the year ended October 31, 2008, the Company signed an option agreement for the acquisition of 100% of the mineral rights on the Fresso property in north-western Dominican Republic. The Company incurred exploration expenses of \$206,319 during the year on the Fresso concession, mainly in reconnaissance mapping.

The Fresso concession covers 6,650 hectares where an extensive zone of disseminated sulphide mineralization occurs within the siliceous bedded chert. The area is underlain mostly by mafic metavolcanics and cherts of the Duarte Formation (Lower Cretaceous), in contact with intrusive tonalites. Historical surface exploration and prospecting, including soil and rock geochemistry, and trenching reveals multi-element anomalies in gold, copper and zinc. Placer gold has been mined extensively on the property.

Assessment work completed by Everton Minera Dominicana during a due diligence period prior to the acquisition of the option on the property included additional rock sampling and a 6 kilometre IP geophysical survey. This survey indicates the presence of numerous significant IP anomalies which correlate with the geochemical results.

A 6-hole drill program for 443 meters was completed in December to test the anomalies. Everton is currently completing a thorough surface evaluation of the property including geological mapping and geochemical sampling in preparation for the next phase of drilling in 2009.

The option agreement includes a payment of US\$35,000 to the concession owner (Asesores Internacionales Especializados, S.A.) for a one-year evaluation period. At Everton's request, this evaluation period can be extended for two additional six-month periods for a payment of US\$17,500 for each period. After the evaluation period, Everton can acquire 100% ownership of the property by making a final cash payment of US\$140,000. The concession owner will retain a 0.5% NSR, of which half can be bought back for \$250,000.

Other Dominican Properties

Some compilation and limited reconnaissance work is being completed on the La Mireya, Loma Hueca, Corralitos, Cacique de Piedra Los Mosquitos del Este, Loma Ceiba de Agua, Piedra Blanca and Alta Misas. An exploration program is being proposed for 2009.

British Columbia

Hot Spring

During the fiscal year, the Company reactivated the Hot Spring property located in the Sloquet Creek area of the south-western British Columbia, 95 kilometers northeast of Vancouver. The property is underlain by a sequence of pyritic, felsic tuff and coarse fragmental rocks capped by ferruginous chert which totals more than 400 meters thick.

Historical work reports the discovery of the Dan's Showing hosted in a very altered cherty tuffite. Hand trenching on the showing returned values up to 0.238 oz/ton Au over 1 meter and 0.174 oz/ton Au over 2 meters. In 1990, Aranlee/Noranda completed a drill program which intersected 0.58 g/t Au over 119 meters in hole NQ90-2 and 0.61 g/t Au over 66.0 meters in hole NQ90-07.

During the year, the Company initiated a reconnaissance survey including a small geochemical and geological program to further assess the base and precious metal potential of the property for exploration expenditures of \$19,037. A follow-up reconnaissance program is planned for 2009, along the main structure that hosts the Dan's Showing.

Qualified person

The above technical information was confirmed and/or reviewed by Marc L'Heureux, a qualified person under NI 43-101.

Selected Financial Data

The following selected financial data are derived from the annual audited consolidated financial statements of the Company, which were prepared in accordance with Canadian generally accepted accounting principles.

Selected Consolidated Financial Information

For the years ended October 31

	2008	2007	2006
	\$	\$	\$
Statement of Operations and Deficit summary			
Total operating expenses	1,808,582	3,294,489	1,422,192
Write-down of deferred exploration expenses	65,326	1,145,988	77,708
Interest and other income	209,413	268,953	26,995
Net loss	2,177,194	3,025,536	1,413,445
Basic and diluted net loss per common share	0.04	0.06	0.04
Weighted average number of common shares outstanding	57,813,226	53,912,018	38,305,595
Statement of Deferred Exploration Expenses Summary			
Deferred exploration expenses before write-down, cost of sold properties and tax credits and mining duties	4,633,380	5,610,416	3,416,882
Statement of Cash Flows summary			
Cash flows used in operating activities	701,162	944,449	(1,034,318)
Cash flows from (used in) investing activities	1,973,868	10,705,500	(3,439,781)
Cash flows from financing activities	142,270	12,731,824	5,211,526
Increase in cash and cash equivalents	1,414,976	1,081,875	737,427
Balance Sheet summary			
Cash and cash equivalents	3,952,215	2,537,239	1,455,364
Short-term investments	-	5,468,851	-
Long-term investment	621,975	-	-
Mineral exploration properties	1,766,905	2,201,870	1,011,875
Deferred exploration expenses	9,756,154	6,669,196	3,470,563
Long term liabilities	-	-	8,366
Shareholders' equity	17,498,238	18,803,315	7,458,114
Total assets	17,675,108	19,163,918	7,884,760

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the Board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

Results of Operations

Net loss for the year ended October 31, 2008 was \$2,177,194, as compared to \$3,025,536 in 2007 and \$1,413,445 in 2006. The higher loss in 2007 as compared to 2008 and 2006 is mostly due to significant write downs of mineral properties and deferred exploration expenses (\$65,326 in 2008, \$1,145,988 in 2007, and \$77,708 in 2006). Also, the decrease in 2008 is attributable to the incurring of lower travel and advertising costs, the decrease in Salaries and benefits and the recognition of lower stock based compensation.

Interest and other income for the year ended October 31, 2008 was \$209,413 as compared to \$268,953 for 2007 and \$26,995 for 2006. The increase in 2007 is due to interest income earned on the investment of the private placement funds in bankers' acceptances during 2007. The decrease in 2008 is consistent with the decrease in the investments portfolio as the Company advances in its exploration program.

Quarterly information

The following selected financial data are derived from the unaudited interim financial statements of the Company, which were prepared in accordance with Canadian generally accepted accounting principles.

Quarter Ended	Other Income	Net Loss	Basic and diluted net Loss per common share
	\$	\$	\$
31/10/2008	32,001	961,803	0.01
31/07/2008	39,707	406,031	0.01
30/04/2008	53,325	342,087	0.01
31/01/2008	84,380	467,273	0.01
31/10/2007	91,693	1,606,599	0.03
31/07/2007	88,648	486,737	0.01
30/04/2007	78,233	400,308	0.01
31/01/2007	10,379	531,892	0.01
31/10/2006	4,182	292,536	0.01

Net loss for the fourth quarter was \$961,803 as compared to \$1,606,599 during the fourth quarter of 2007. This decrease is mostly attributable to lower write downs of mineral properties and deferred exploration expenses which were \$60,070 in 2008 as compared to \$1,027,881 in 2007.

Liquidity and capital resources

The Company's working capital stands at \$5,310,466 as at October 31, 2008 comparing to \$9,881,297 as at October 31, 2007 and \$2,929,473 as at October 31, 2006. The high increase in working capital in 2007 is attributable to the February 2007 private placement proceeds which were invested in bankers' acceptance with maturities of up to 6 months, the issue of additional common shares throughout the year following the exercise of 2,751,033 warrants and 196,000 options for net proceeds of approximately \$1.1 million. The decrease in working capital in 2008 as compared to 2007 is attributable to the advancement of the Company in its exploration program during 2008.

The working capital as October 31, 2008 includes investments in bankers' acceptances for \$3,460,777 with maturities of up to 3 months and yielding an interest rate ranging from 2.51% to 2.68%.

During the year ended October 31, 2008, cash and cash equivalent increased by \$1,414,976 as compared to \$1,081,875 in 2007 and \$737,427 in 2006. The increase in 2008 is attributable to tax credit and mining duties refund of approximately \$1.6 million that the Company received in 2008 as compared to \$1,215,708 in 2007 and \$Nil in 2006.

During the quarter ended October 31, 2008, cash and cash equivalent decreased by \$1,404,662 (\$1,181,584 in 2007). This decrease is mostly due an important outflow during the quarter further to the advancement of the Company in its exploration program.

The Company's principal requirements for cash during 2009 will be administrative expenditures and deferred exploration expenditures. The Company's direct exploration expenditures in 2009 are expected to be in the order of \$1.5 million and administrative expenditures will for approximately \$0.9 million. The funds currently available to the Company are sufficient to enable the Company to fund all aspects of its operations for more than twelve months.

Off Balance Sheet Arrangements

As of October 31, 2008, the Company has no off balance sheet arrangements.

Related Party Transactions

Under an agreement between the Company and Majescor Resources Inc. ("Majescor") (which shares common management), the Company pays the cost of shared salaries and benefits, rent and office expenses which are then reimbursed at cost by Majescor. During the year, the cost of shared salaries and benefits was \$111,552 (2007 - \$190,201) and rent and office expenses were \$42,400 (2007 - \$33,893). Included in amounts due from related parties is \$Nil (2007 - \$27,681) due from Majescor.

Under an agreement between the Company and Uranium World Energy Inc. ("UWE") (which shares common management), the Company received a compensation of \$32,500 (2007 – \$65,000) from UWE for administrative services provided by the Company's employees (bookkeeping, filings and other accounting services). This agreement was terminated effective April 30, 2008. Included in amounts due from related parties is \$Nil (2007 – \$11,483) due from UWE.

Under an agreement effective October 1, 2007 between the Company and Mazorro Resources Inc. ("Mazorro") (which shares common management), the Company pays the cost of shared salaries and benefits, rent and office expenses which are then reimbursed at cost by Mazorro. The cost of shared salaries and benefits was \$93,804 (2007 - \$7,815) and rent and office expenses were \$11,796 (2007 - \$985). This agreement was terminated effective October 31, 2008. Included in amounts due from related parties is \$Nil (2007 - \$9,328) due from Mazorro.

Under an agreement between the Company and Adventure Gold Inc. ("Adventure") (which shares common management), the Company pays the cost of shared salaries and benefits, rent and office expenses which are then reimbursed at cost by Adventure. The cost of shared salaries and benefits was \$93,696 (2007- \$Nil) and rent and office expenses were \$13,104 (2007 - \$Nil). Included in amounts due from related parties is \$8,955 (2007 – \$Nil) due from Adventure.

These transactions were measured at the exchange amount, that is the amount established and accepted by the parties and were conducted in the normal course of business.

The amounts due from related parties are without interest and terms of repayment.

Mineral Property Book Values

At the end of each quarter, management reviews the carrying values of its resource properties to determine whether any write-downs are necessary. Following this analysis, in 2008, the Company recorded \$65,326 in write-downs of mineral properties and deferred exploration expenses, as compared to \$1,145,988 in 2007 and \$77,708 in 2006.

Critical Accounting Policies and Estimates

The preparation of the Company's consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. The Company's significant accounting policies and estimates are fully described in note 4 to the annual consolidated financial statements for the years ended October 31, 2008 and 2007.

Changes in Accounting Policies

Effective November 1, 2007, the Company adopted the new accounting standards related to "Accounting Changes", "Financial Instruments-Disclosures", "Financial instruments-Presentation" and "Capital Disclosures" that were issued by the Canadian Institute of Chartered Accountants. These changes relate to disclosure and presentation and have no impact on the Company's results. These new standards are fully described in note 3 to the annual consolidated financial statements.

Future Accounting and Reporting Changes

Going Concern – Inclusion of Guidelines in Section 1400, "General Standards of Financial Statement Presentation"

In June 2007, the Canadian Institute of Chartered Accountants modified Section 1400, "General Standards of Financial Statement Presentation", in order to require that management make an assessment of the Company's ability to continue as a going concern over a period which is at least, but not limited to, twelve months from the balance sheet date. These new requirements are effective for fiscal years beginning on or after January 1, 2008 and the Company will implement them as of November 1, 2008. The new requirements only address disclosures, and will have no impact on the Company's financial results.

Goodwill and Intangible Assets (Section 3064)

In February 2008, the CICA published new section 3064, "Goodwill and Intangible assets", to replace Section 3062, "Goodwill and Other Intangible Assets". Publication of this new section resulted in the withdrawal of Section 3450, "Research and Development Costs", and consequential amendments to certain recommendations in the CICA Handbook. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. This new section is effective for fiscal years beginning on or after October 1, 2008 and the Company will implement it as of November 1, 2008. The Company's management is not able to assess the impact that the application of this new section will have on the consolidated financial statements.

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board requires all public companies to adopt International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal period. The transition from Canadian Generally Accepted Accounting Principles to IFRS will be applicable for the Company's first quarter of fiscal 2012. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

Outstanding Share Data

Common shares and convertible securities outstanding at February 17, 2009 consist of:

Securities	Expiry date	Average exercise price	Number of securities outstanding
Common shares	-	-	58,290,333
Options	Up to November 10, 2013	\$0.55	3,895,000

Subsequent events

On February 9, 2009, the Company terminated the option agreement with Tectonic on the Kan and Ferricrete properties located in Fosse du Labrador. Consequently, the Company will write down the costs of the properties to \$Nil (\$19,080 in acquisition costs and \$31,977 in exploration expenses).

On December 17, 2008, the Company announced the establishment of a Shareholder Rights Plan (the "Plan") which provides the Board of Directors and the shareholders with more time to fully consider any unsolicited takeover bid for the Company without undue pressure and to allow the Board to pursue, if appropriate, other alternatives to maximize shareholder value and to allow additional time for competing bids to emerge.

The Plan must be ratified by the shareholders at its next Annual General Meeting ("AGM") which is scheduled to take place in mid-2009. If the rights plan resolution is ratified and confirmed at the AGM, the Plan will continue in effect until the earlier of the termination time, as defined in the terms of the Plan, or 3 years from the date the Plan was ratified by the shareholders. If the Plan is not approved at the meeting, it will terminate at the end of the meeting.

Risk and uncertainties

Exploration of minerals and development of mineral properties involve significant risks, many of which are outside of the Company's control. In addition to the normal and usual risks of exploration and mining, the Company often works in remote locations that lack the benefit of infrastructure and easy access.

Financial risk

The Company is considered to be in the exploration stage, that it is dependant on obtaining regular financing in order to continue exploration. Despite previous success in acquiring this financing, there is no guarantee of obtaining any future financing, or that it will be available on acceptable terms.

The prices of metals fluctuate widely and are affected by many factors outside of the Company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mining exploration companies.

Foreign exchange risk

Some of the Company's expenditures are in US dollars. Movement in the Canadian dollar against these currencies therefore has a direct impact on the Company's cost base. The Company does not use derivative instruments to reduce its exposure to foreign exchange risks

Risk on the uncertainty of title

Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

Environmental risk

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

Additional information and continuous disclosure

This Management's Discussion and Analysis has been prepared as of February 17, 2009. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com).

(s) André Audet

Chairman of the Board and Chief Executive Officer

(s) Khadija Abounaim

Chief Financial Officer